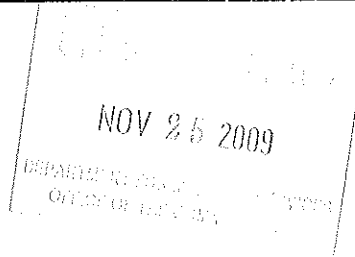


Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4120
Atlanta, Georgia 30303-8909



November 18, 2009

Ms. Elizabeth A. Johnson
Commissioner
Cabinet for Health and Family Services
Department of Medicaid Services
275 East Main Street, 6W-A
Frankfort, Kentucky 40621-0001



File

Attention: Kevin Skeeters

RE: Kentucky Title XIX State Plan Amendment, Transmittal #08-014

Dear Ms. Johnson

We accept your request, dated November 16, 2009 to withdraw State Plan Amendment 08-014. We are returning the Form HCFA-179 and the proposed plan pages.

If you have any questions or need any further assistance, please contact Maria Donatto at (404) 562-3697 or Darlene Noonan at (404) 562-2707.

Sincerely,

Mary Kaye Justis, RN, MBA
Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
08-014

2. STATE
Kentucky

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
January 1, 2009

5. TYPE OF PLAN MATERIAL (*Check One*):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:
42 USC Chapter 6A, Subchapter II, Part D, subpart vii, 256b; 42 USC
701(a)(2)

7. FEDERAL BUDGET IMPACT:
a. FFY 2009 - savings of \$150,000
b. FFY 2010 - savings of \$200,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-B page 20.2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Same

10. SUBJECT OF AMENDMENT:

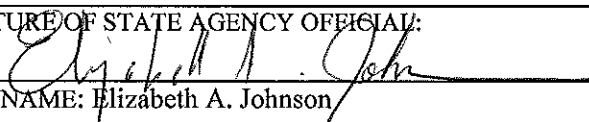
This plan amendment reimburses 340B drug pricing entities a dispensing fee of twelve (12) and one-half (1/2) cents per unit for hemophilia clotting factor.

11. GOVERNOR'S REVIEW (*Check One*):

- ☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED: Review delegated
to Commissioner, Department for Medicaid
Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME: Elizabeth A. Johnson

14. TITLE: Commissioner, Department for Medicaid Services

15. DATE SUBMITTED: October 21, 2008

16. RETURN TO:

Department for Medicaid Services
275 East Main Street 6W-A
Frankfort, Kentucky 40621

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

23. REMARKS:

Methods and Standards for Establishing Payment Rates — Other Types of CareI. DrugsA. Reimbursement

1. Participating pharmacies are reimbursed for the cost of the drug plus a dispensing fee. Payments shall not exceed the upper limits specified in 42 CFR 447.331 through 447.334.
2. Participating dispensing physicians are reimbursed for the cost of the drug only.
3. Providers will be reimbursed only for drugs supplied from pharmaceutical manufacturers who have signed a rebate agreement.
4. Comprehensive Hemophilia Diagnostic Treatment Centers (CHDTC) as defined by 42 USC Chapter 6A, Subchapter II, Part D, subpart vii, 256b(4)(g) are eligible for the 340B Drug Pricing Program and are the only entity in Kentucky that is currently participating in the program. The department shall reimburse a CHDTC a dispensing fee for hemophilia treatment, pharmaceutical replacement factors for clotting disorders, 340B drugs at twelve (12) and one-half (1/2) cents per unit. A unit is defined as enzymes that are dosed in terms of units of enzyme activity (as opposed to weight or volume) per kilogram of body weight.

B. Payment Limits— Payment for the cost of drugs shall be the lesser of:

1. The Federal Maximum Allowable Cost (FMAC) of the drug for multiple source drugs other than those brand name drugs for which a prescriber has certified in writing as “brand medically necessary” or “brand Necessary”;
2. The State Maximum Allowable Cost (SMAC). A SMAC may be established for any drug for which two or more A-rated therapeutically equivalent, multi-source, non-innovator drugs with a significant cost difference exist. The SMAC will be determined taking into account drug price status (nonrebtable, rebatable), marketplace status (obsolete, regional availability), equivalency rating (A-rated), and relative comparable pricing. Other factors considered are clinical indications of generic substitution, utilization and availability in the marketplace. The source of comparable drug prices will be nationally recognized comprehensive data files maintained by a vendor under contract with the Department for Medicaid Services. Resources accessed to determine SMAC include Average Wholesale Price, Wholesale Acquisition Cost, and Direct Price (to retail pharmacies) with weights applied based on the distribution of the volume purchased.
 - a. Multiple drug pricing resources are utilized to determine the estimated acquisition cost for the generic drugs. These resources include pharmacy providers, wholesalers, drug file vendors such as First Data Bank, and pharmaceutical manufacturers;

Methods and Standards for Establishing Payment Rates — Other Types of CareC. Dispensing Fee

1. When establishing dispensing fees, the Department takes into consideration the conclusions of a report regarding the dispensing of prescription medications to persons eligible for Medicaid benefits. The report is based upon a survey of pharmacy dispensing costs in the Commonwealth of Kentucky, a review of academic literature, and the reimbursement rates of other payers. The report, required by state law, is submitted every three (3) years to the Governor and to the Legislative Research Commission. Utilizing the above information the Department establishes a reasonable dispensing fee.

Effective February 23, 2005, the dispensing fee for a generic drug prescription is \$5.00 and for a brand name drug prescription is \$4.50. The dispensing fee is applied to outpatient pharmacies and to long term care facilities.

2. For nursing facility residents meeting Medicaid patient status, an incentive of two (2) cents per unit dose shall be paid to long term care pharmacists for repackaging a non-unit dose drug in unit dose form.
3. Comprehensive Hemophilia Diagnostic Treatment Centers (CHDTC) as defined by 42 USC Chapter 6A, Subchapter II, Part D, subpart vii, 256b(4)(g) are eligible for the 340B Drug Pricing Program and are the only entity in Kentucky that is currently participating in the program. The department shall reimburse a CHDTC a dispensing fee for hemophilia treatment, pharmaceutical replacement factors for clotting disorders, 340B drugs at twelve (12) and one-half (1/2) cents per unit. A unit is defined as enzymes that are dosed in terms of units of enzyme activity (as opposed to weight or volume) per kilogram of body weight.